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ABSTRACT

Most states regulate family day care, mainly through licensing and registration. Some states offer a choice of licensing or registration, while others regulate family day care on a voluntary basis. Requirements for family day care regulation vary tremendously. Some believe that family day care providers do not stand to gain anything from regulation; that becoming regulated means that family day care providers will lose a large portion of their already substandard earnings by having to pay taxes; that government has no business regulating family day care providers; and that regulation of family day care is ineffective because few family day care providers come forward to be regulated. But these beliefs are mistaken. The fact is that for most providers, the benefits of becoming licensed or registered outweigh the costs. Most providers owe little if any tax because they can take substantial deductions. Regulatory agencies should be perceived as a necessary safeguard in the child care system rather than as policing agents. Providers can be successfully drawn into a regulatory system when it is well-designed and administered. (RH)

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Facts About Family Day Care Regulation

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Most states regulate family day care in some way. These regulations vary enormously from state to state by method and by type of requirements.

■ **Methods of regulation.** The two major methods of regulation are licensing and registration. In order to become licensed, a provider's home usually must pass an on-site inspection; becoming registered usually involves provider self-inspection and self-report. Some states offer a choice of licensing or registration, others regulate family day care on a voluntary basis. Two states do not regulate family day care at all. (*The National State of Child Care Regulation 1986*, Gwen Morgan, Work/Family Directions).

■ **Requirements of regulation.** States' requirements for family day care regulation also vary tremendously. Requirements differ for: total group size; the number of infants, toddlers, and school-aged children allowed per provider; whether or not the provider's own children are counted; whether or not training is required; and how often a license must be renewed, if at all.

MYTHS AND REALITIES

The following myths and realities explore some of the central issues concerning family day care regulation.

MYTH #1: Family day care providers do not stand to gain anything from regulation.

REALITY: For most providers the benefits of becoming licensed or registered outweigh the costs. With the notable exception of providers who risk losing welfare benefits by "going public," most providers benefit from being regulated because they become eligible for many important supports. The major benefits of becoming licensed or registered are:

- **Providers become eligible to receive a substantial reimbursement from the Child Care Food Program for the cost of meals served to children in their homes.** In 1988, licensed providers who applied to the Child Care Food Program received on average almost $2,500 in reimbursements. Providers receive up to $2.21 per child per day regardless of parents' income.
- **Providers have greater access to clients.** Most resource and referral agencies and government agencies will refer only to regulated providers.
- **Providers have better access to insurance coverage.** Most insurance companies will cover only licensed providers.
- **Providers become eligible for important community supports.** Family day care can be a lonely, isolated job that carries little social recognition or economic reward. By entering the regulatory system, family day care providers gain access to the professional child care community which may include provider networks, training and support groups. Membership in this community gives providers a sense of professionalism and empowerment. Providers may also gain access to resources such as small grants for home improvements, salary enhancements, and toy and material lending libraries.

Providers need to be informed about regulation and its potential benefits. Many providers do not become regulated because they are unaware that regulation is the law, or because they lack information about how they could benefit from becoming licensed or registered. In order for regulation to be effective, providers must be made aware of it's potential advantages.

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MYTH #2: Becoming regulated means that family day care providers will lose a large portion of their already substandard earnings by having to pay taxes.

REALITY: Most providers owe little if any tax because they can take substantial deductions; typically providers can deduct 50% - 75% of their income. Moreover, providers who take full advantage of the tax deductions available to them and receive the Child Care Food Program subsidy usually come out ahead financially. Providers can deduct:

- **A portion of their home expenses,** including: rent or mortgage, utilities, property insurance, property taxes, house depreciation, mortgage interest, household supplies, appliances, and furniture;
- **Other expenses associated with running a family day care business,** including: food costs, transportation, the costs for child care-related home improvements, toys, educational materials and equipment.

Providers who are "on the books" are more attractive to parents. Under the new tax laws (effective as of 1989), in order to claim a dependent care tax credit, parents must now provide the social security number of their children's caregiver.

MYTH #3: Government has no business regulating family day care providers; regulation is an invasion of the privacy of their homes.

REALITY: Regulatory agencies should be perceived as a necessary safeguard in the child care system rather than as policing agents. Regulation of family day care providers is necessary as a consumer protection for parents and a personal protection for children. Regulation helps to ensure the basic health and safety of children in family day care. Further, regulation sets forth the public definition of acceptable minimum standards and thereby promotes greater consumer and provider awareness.

MYTH #4: Regulation of family day care is ineffective because few family day care providers come forward to be regulated.

REALITY: Providers can be successfully drawn into a regulatory system when it is well-designed and administered. Some states, like California and Minnesota, have regulated a large proportion of their family day care providers. An effective regulatory system has the following characteristics:

- **Standards which provide basic protection for all children in family day care;**
- **Standards which are well-enforced,** with sanctions for non-compliance;
- **Sufficient staff** to process applications quickly, to conduct random inspections of homes on a regular rotating basis, to provide technical assistance for start-up, and to follow up on complaints;
- **Specially trained staff** who are sensitive to the private nature of family day care, and can inspect homes in a non-intrusive manner;
- **Well-publicized regulatory requirements** and mechanisms for registering complaints about violations;
- **Responsiveness to the needs of providers and parents;** regulatory systems promote quality family day care and facilitate provider compliance by informing providers and parents about available community supports - such as the Child Care Food Program, resource and referral agencies, training and technical assistance programs.

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